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TOTAL COMMUNITY ACTION, INC.

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT**

December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-8-07

TOTAL COMMUNITY ACTION, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Total Community Action, Inc.

I have audited the accompanying statement of financial position of Total Community Action, Inc. (a nonprofit corporation) as of December 31, 2006 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Total Community Action, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Corporation's 2005 financial statements and, in my report dated August 4, 2006, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Total Community Action, Inc. as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated May 23, 2007, on my consideration of Total Community Action, Inc.'s internal control over financial reporting and my tests of its compliance with laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Total Community Action, Inc. as a whole. The supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Justin J. Scanlon, CPA

New Orleans, Louisiana
May 23, 2007

TOTAL COMMUNITY ACTION, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2006

**TOTAL
MEMORANDUM ONLY
December 31, 2005**

ASSETS		
Cash, including certificates of deposit of \$197,845	\$ 1,346,306	\$ 981,404
Investment securities (Notes A5 and B)	999,725	632,595
Receivables		
Grants (Notes A6 and C)	2,749,918	2,739,883
Travel advances	9,892	3,824
Interest	5,694	564
Other	9,784	39,009
	<u>2,775,288</u>	<u>2,783,280</u>
Property and equipment-at cost (Note A4 and D)	1,654,404	1,354,210
Economic interest – Economic Development Unit, Inc. (Note E)	<u>433,200</u>	<u>433,200</u>
Total assets	<u>\$ 7,208,923</u>	<u>\$ 6,184,689</u>
LIABILITIES AND NET ASSETS		
Notes payable (Note F)	\$ 175,425	\$ 88,991
Accounts payable and accrued liabilities	2,001,457	2,062,865
Pension contribution payable (Note G)	<u>648,327</u>	<u>1,470,462</u>
Total liabilities	2,825,209	3,622,318
Commitments (Note H)	-	-
Net assets		
Unrestricted	694,907	708,346
Temporarily restricted (Note I)	3,659,546	1,449,718
Permanently restricted (Note J)	<u>29,261</u>	<u>404,307</u>
Total net assets	<u>4,383,714</u>	<u>2,562,371</u>
Total liabilities and net assets	<u>\$ 7,208,923</u>	<u>\$ 6,184,689</u>

The accompanying notes are an integral part of this financial statement.

TOTAL COMMUNITY ACTION, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2006

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL MEMORANDUM ONLY For the year ended December 31, 2005
REVENUES					
Government grants	\$ -	\$ 15,010,176	\$ -	\$ 15,010,176	\$ 22,990,858
Investment income (Note B)	6,718	25,099	51,265	83,082	47,959
Unrealized appreciation <depreciation> on investment securities	-	< 3,722>	10,469	6,747	< 11,676>
Other	40,639	1,536,813	-	1,577,452	30,635
Net assets released from restrictions	14,795,318	< 14,358,538>	< 436,780>	-	-
TOTAL REVENUES	<u>14,842,675</u>	<u>2,209,828</u>	<u>< 375,046></u>	<u>16,677,457</u>	<u>23,057,776</u>
EXPENSES					
Salaries	3,328,594	-	-	3,328,594	8,210,202
Fringe benefits	1,728,254	-	-	1,728,254	3,274,917
Travel	81,917	-	-	81,917	152,816
Contractual	712,343	-	-	712,343	608,551
Supplies	682,908	-	-	682,908	598,082
Food costs	168,868	-	-	168,868	553,395
Subrecipient costs	4,892,471	-	-	4,892,471	5,545,931
Equipment expense	303,917	-	-	303,917	445,469
Insurance	375,438	-	-	375,438	233,801
Assistance to individuals	338,661	-	-	338,661	-
Telephone	81,582	-	-	81,582	98,964
Occupancy	360,658	-	-	360,658	709,999
Vehicle expense	61,811	-	-	61,811	53,976
Postage	11,128	-	-	11,128	26,779
Other costs	<u>1,727,564</u>	<u>-</u>	<u>-</u>	<u>1,727,564</u>	<u>1,968,107</u>
TOTAL EXPENSES	<u>14,856,114</u>	<u>-</u>	<u>-</u>	<u>14,856,114</u>	<u>22,480,989</u>
Increase <decrease> in net assets	< 13,439>	2,209,828	< 375,046>	1,821,343	576,787
Net assets, beginning of year	<u>708,346</u>	<u>1,449,718</u>	<u>404,307</u>	<u>2,362,371</u>	<u>1,985,584</u>
Net assets, end of year	<u>\$ 694,907</u>	<u>\$ 3,659,546</u>	<u>\$ 29,261</u>	<u>\$ 4,383,714</u>	<u>\$ 2,562,371</u>

The accompanying notes are an integral part of this financial statement.

TOTAL COMMUNITY ACTION, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2006

Increase <decrease> in cash and cash equivalents

Cash flows from operating activities:

Increase in net assets \$ 1,821,343

Adjustments to reconcile increase in net assets to net

cash provided by operating activities:

Unrealized appreciation of investments \$ < 6,747>

Changes in assets and liabilities:

< 10,035>

Increase in grants receivable

< 6,068>

Increase in travel advances

< 5,130>

Increase in accrued interest

29,225

Decrease in other receivables

< 61,408>

Decrease in accounts payable and accrued liabilities

< 822,135>

< 882,298>

Decrease in pension contribution payable

939,045

Net cash provided by operating activities

Cash flows from investing activities:

Gain on sale of securities

< 3,754>

Purchase of investments

< 498,452>

Proceeds from sale of investments

141,823

Acquisition of land

< 39,800>

Construction-in-progress

< 260,394>

Net cash used in investing activities

< 660,577>

Cash flows from financing activities:

Payment of notes payable

< 6,446>

Proceeds from notes payable

92,880

Net cash provided by financing activities

86,434

Net increase in cash and cash equivalents

364,902

Cash and cash equivalents, beginning of year

981,404

Cash and cash equivalents, end of year

\$ 1,346,306

The accompanying notes are an integral part of this financial statement.

TOTAL COMMUNITY ACTION, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Total Community Action, Inc. was organized to promote and develop economic opportunity in the City of New Orleans, to promote the education and welfare of the people of New Orleans, and to mobilize such human and financial resources as may be available to combat poverty in New Orleans.

2. Presentation of Financial Statements

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations," dated June 1993. Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

3. Revenue Recognition

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets and permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

4. Property and Equipment

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. There was no depreciation expense for the year ended December 31, 2006.

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Property and Equipment - continued

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

5. Investment Securities

Under FASB No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains or losses are included in the change in net assets.

6. Receivables

The corporation considers accounts receivable to be fully collectable since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

7. Cash Equivalents

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

9. Fair Values of Financial Investments

Cash, and cash equivalent amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

The fair values of investment securities are based upon quoted market prices for those or similar investments.

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Total Columns of Combined Statements - Overview

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - INVESTMENT SECURITIES

Investment securities, cost and approximate market value at December 31, 2006, consists of the following:

	<u>Fair Market Value</u>	<u>Cost</u>
Corporate bonds	\$ 18,078	\$ 20,000
Government securities	391,558	406,503
Mutual funds	<u>590,089</u>	<u>634,764</u>
	<u>\$ 999,725</u>	<u>\$ 1,061,267</u>

The unrealized appreciation for the year ended December 31, 2006, totaled \$6,747. As of December 31, 2006, the cumulative unrealized depreciation totaled \$61,542.

Investment income for the year ended December 31, 2006, consists of the following:

Interest income	\$ 24,475
Dividend income	54,853
Gain on sale of securities	<u>3,754</u>
	<u>\$ 83,082</u>

NOTE C - GRANTS RECEIVABLE

The grants receivable consist of the following as of December 31, 2006:

State of Louisiana - Department of Social Services	\$ 66,833
City of New Orleans	51,150
State of Louisiana - Department of Labor	239,364
U.S. Department of Health and Human Services	2,293,995
Louisiana Housing Finance Agency	17,879
State of Louisiana - Department of Education	62,683
Louisiana Public Health Institute	3,179
American Red Cross	<u>14,835</u>
	<u>\$ 2,749,918</u>

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2006

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2006, consist of the following:

Transportation equipment	\$ 62,486
less accumulated depreciation	<u>< 62,486 ></u>
	-
Construction-in-progress	<u>1,614,604</u>
	1,614,604
Land	<u>39,800</u>
	<u>\$ 1,654,404</u>

NOTE E – ECONOMIC INTEREST – ECONOMIC DEVELOPMENT UNIT, INC.

On November 2, 1999, Total Community Action, Inc. cancelled its note receivable with Economic Development Unit, Inc. totaling \$433,200. In consideration of the cancellation of the note, Total Community Action, Inc. received three appointments to the Board of Directors of Economic Development Unit, Inc. The Board of Directors shall consist of between six and nine members. In addition, upon dissolution of Economic Development Unit, Inc., the assets shall be donated and distributed to Total Community Action, Inc. The Articles of Incorporation of Economic Development Unit, Inc. has been amended to reflect the change in the Board of Director's composition and the distribution of its assets and property upon dissolution.

The unaudited financial statements of Economic Development Unit, Inc. as of and for the year ended December 31, 2006, consist of the following:

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2006

ASSETS		LIABILITIES AND NET ASSETS	
Cash	\$ 518,316	Note payable-financial institutions	\$ 160,749
Receivables	5,447		
Property and equipment-at cost		Accounts payable and accrued liabilities	<u>21,748</u>
Building	604,030	Total liabilities	182,497
Improvements	<u>78,365</u>		
	682,395	Net assets - unrestricted	<u>541,446</u>
less accumulated depreciation	<u><682,395></u>		
	-	Total net assets	<u>541,446</u>
Land	<u>200,000</u>		
	<u>200,000</u>		
Deposits	<u>180</u>		
Total assets	<u>\$ 723,943</u>	Total liabilities and net assets	<u>\$ 723,943</u>

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2006

NOTE E - ECONOMIC INTEREST - ECONOMIC DEVELOPMENT UNIT, INC. - CONTINUED

STATEMENT OF ACTIVITIES
For the year ended December 31, 2006

REVENUE

Rental income	\$ < 67,376 >
Interest income	4,356
Insurance proceeds	<u>854,590</u>
Total revenue	<u>926,322</u>

EXPENSES

Rental expenses	137,023
Management and general	1,362
Repairs - Katrina related	<u>332,099</u>
Total expenses	<u>470,484</u>

Increase in net assets	455,838
Net assets, beginning of year	<u>85,608</u>
Net assets, end of year	<u>\$ 541,446</u>

NOTE F - NOTES PAYABLE

The notes payable consist of the following as of the December 31, 2006:

Note payable to bank, at a 7.25% interest rate, due March, 2011. Payable in monthly installments of \$770, and a balloon payment of \$86,714. \$ 82,245

Note payable to bank, at a 12.5% interest rate, due June, 2007. Payable in monthly installments of \$3,682, including interest, and a balloon payment of \$81,834. 92,880
\$ 175,125

Certificates of deposit in the amount of \$149,263 have been pledged as security for the two notes.

The interest expense for the year ended December 31, 2006 totaled \$6,263.

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2006

NOTE F - NOTES PAYABLE - CONTINUED

The aggregate maturities of the note payable consist of the following:

<u>Year ended</u> <u>December 31,</u>	
2007	\$ 96,157
2008	3,515
2009	3,770
2010	4,043
2011	<u>67,640</u>
	<u>\$ 175,125</u>

The notes payable were paid-off as of May, 2007.

NOTE G - PENSION PLAN

Total Community Action, Inc. sponsors a defined contribution employee pension plan covering all employees twenty-one years or older who have worked for the corporation a minimum of three years. The corporation decides the amount, if anything, to contribute each year to the individual retirement accounts for the eligible employees based on a percentage of annual compensation. The percentage for the year ended December 31, 2006 was 9% or \$648,327. The percentage amount decreased by 8% from December 31, 2005.

NOTE H - COMMITMENTS

The corporation leases its administrative and program offices. The offices located at South Jefferson Davis Parkway, New Orleans are leased through December 31, 2050. All other offices are leased annually. The rental expense for the year ended December 31, 2006 totaled \$198,276. The aggregate maturities of the long-term lease consist of the following:

<u>Year ended</u> <u>December 31,</u>	
2007	\$ 209,975
2008	209,975
2009	209,975
2010-2014	1,019,875
2015-2019	1,019,875
2020-2024	1,019,875
2025-2029	1,019,875
2030-2034	1,019,875
2035-2039	1,019,875
2040-2044	1,019,875
2045-2049	1,019,875
2050	<u>209,975</u>
	<u>\$ 8,998,900</u>

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2006

NOTE H – COMMITMENTS - CONTINUED

Since Hurricane Katrina damaged the facility as of August 29, 2005, lease payments were suspended for offices not occupied by Total Community Action, Inc. As the administrative and program offices are repaired, lease payments will continue accordingly.

As of December 31, 2006, Total Community Action, Inc.'s renovation of the Head Start facility at 1420 South Jefferson Davis Parkway, New Orleans, Louisiana and Murel Street were partially completed. The construction-in-progress for the year ended December 31, 2006 totaled \$1,614,604.

NOTE I – TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2006, the temporarily restricted net assets consist of the following:

Assets For Independence Demonstration	\$ 111,143
Home Energy Assistance Program	35,889
Food Distribution Program	8,963
Weatherization Program	2,014
American Red Cross	17,097
Indirect cost account	103,931
Louisiana Public Health Institute	2,162
Healthy Marriage and Responsible Fatherhood	
Community Demonstration Initiative	1,650
Bush-Clinton Katrina Fund	445,288
Insurance – Hurricane Katrina	1,271,358
Emergency Food and Shelter Program	5,647
Property and equipment	<u>1,654,404</u>
	<u>\$ 3,659,546</u>

NOTE J – PERMANENTLY RESTRICTED NET ASSETS

Total Community Action, Inc. is self-insured for employee unemployment compensation claims through the establishment of an unemployment insurance fund.

Transfers of \$49,134 were made from program funds to the unemployment insurance fund for the year ended December 31, 2006, which is accounted for as revenue of the unemployment insurance fund and an expense of the related program. The unemployment insurance fund reimburses the unrestricted fund for all direct costs in administering the program and transfers all net interest income earned on unemployment insurance funds to the unrestricted fund.

All known claims as of December 31, 2006 have been recorded in the financial statements.

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2006

NOTE K – RELATED PARTY TRANSACTIONS

The principal premises of Total Community Action, Inc. is leased from an affiliated non-profit corporation. The lease is a long-term lease expiring December 31, 2050. The rental payments for the year ended December 31, 2006 totaled \$67,376.

NOTE L – INCOME TAXES

The corporation is exempt from corporation income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE M – BOARD OF DIRECTORS

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE N – CASH FLOW INFORMATION

The interest paid for the year ended December 31, 2006 totaled \$6,263.

NOTE O – INSURANCE – HURRICANE KATRINA

During 2006, the corporation received insurance proceeds totaling \$1,536,814. Since the premiums were paid with federal and non-federal funds, the corporation elected to utilize the non-federal portion first. As of December 31, 2006, the balance of insurance proceeds (\$1,364,358) will be classified as temporarily restricted net assets and benefit the programs that directly contributed to the end-of-year amounts (Head-Start Program).

TOTAL COMMUNITY ACTION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2006

NOTE P – CONCENTRATION OF CREDIT RISK

The corporation's cash balance as of December 31, 2006, before deducting outstanding checks, consists of the following:

Financial institutions		\$ 3,074,163
Less: FDIC and FSLIC insurance	\$ 417,917	
Pledged securities	<u>2,170,467</u>	<u>< 2,588,384 ></u>
Unsecured balance		<u>\$ 485,779</u>

Total Community Action, Inc. invests in corporate bonds, government securities, and mutual funds. Investment securities are subject to various risks; such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term.

NOTE Q – ECONOMIC DEPENDENCY

Total Community Action, Inc. receives a majority of its revenues from funds provided through grants administered by the Department of Human Services and the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are effected at the federal and/or state level, the amount of the funds Total Community Action, Inc. receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds Total Community Action, Inc. will receive in the next fiscal year.

The corporation is supported primarily through grants from governmental agencies. Approximately 85% of the corporation support for the year ended December 31, 2006 came from these grants.

SUPPLEMENTAL INFORMATION

TOTAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES

For the year ended December 31, 2006

	HEAD START GRANT	CHILD CARE FOOD PROGRAM	COMMUNITY SERVICES BLOCK GRANT PROGRAM	BUSH-CLINTON KATRINA FUND	HOME ENERGY ASSISTANCE PROGRAM	HEALTHY MARRIAGE AND RESPONSIBLE FATHERHOOD COMMUNITY DEMONSTRATION INITIATIVE
REVENUES						
Grant appropriations	\$ 11,083,594	\$ 77,742	\$ 1,721,851	\$ 750,000	\$ 133,809	\$ 109,433
Investment income	1,013	-	-	-	-	-
Other	-	270,875	-	-	-	-
	<u>11,084,607</u>	<u>348,617</u>	<u>1,721,851</u>	<u>750,000</u>	<u>133,809</u>	<u>109,433</u>
EXPENSES						
Salaries	1,645,567	126,949	966,778	52,500	10,442	66,350
Fringe benefits	721,727	28,769	395,223	15,813	9,439	19,539
Travel	73,354	-	4,012	1,590	-	406
Contractual	690,245	-	-	-	-	-
Supplies	573,042	23,656	65,238	7,330	8,202	4,512
Food costs	273,359	166,384	-	-	-	-
Subrecipient costs	4,892,471	-	-	-	-	-
Equipment expenses	248,371	2,859	39,036	-	434	13,217
Insurance	302,844	-	38,799	-	9,490	-
Assistance to individuals	-	-	2,534	-	-	-
Telephone	62,869	-	15,786	-	228	327
Occupancy	212,075	-	138,330	-	-	1,860
Vehicle expense	19,318	-	13,444	-	-	-
Postage	8,972	-	686	10	-	-
Other costs	1,099,999	-	45,777	227,469	97,574	1,572
	<u>10,824,213</u>	<u>348,617</u>	<u>1,725,643</u>	<u>304,712</u>	<u>135,809</u>	<u>107,783</u>
Increase <decrease> in net assets	260,394	-	< 3,792>	445,288	-	1,650
Construction-in-Progress	< 260,394>	-	-	-	-	-
Acquisition of land	-	-	-	-	-	-
Transfer costs to general	-	-	-	-	-	-
Net assets beginning of year	-	-	3,792	-	35,889	-
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 445,288</u>	<u>\$ 35,889</u>	<u>\$ 1,650</u>

TOTAL COMMUNITY ACTION, INC.

COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2006

	EMERGENCY FOOD AND SHELTER PROGRAM	EARNED INCOME TAX CREDIT PROGRAM	FOOD DISTRIBUTION PROGRAM CITY OF NEW ORLEANS	HHS EARNED INCOME TAX CREDIT PROGRAM	WEATHERIZATION PROGRAM	LOUISIANA PUBLIC HEALTH INSTITUTE
REVENUES						
Grant appropriations	\$ 12,060	\$ 36,535	\$ 29,838	\$ 50,296	\$ 572,587	\$ 18,219
Investment income	-	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>12,060</u>	<u>36,535</u>	<u>29,838</u>	<u>50,296</u>	<u>572,587</u>	<u>18,219</u>
EXPENSES						
Salaries	-	33,747	22,613	8,198	63,864	-
Fringe benefits	-	6,988	7,164	1,680	10,056	-
Travel	-	-	-	-	-	2,221
Contractual	-	-	327	-	-	13,464
Supplies	-	-	-	-	3	-
Food costs	-	-	-	-	-	-
Subrecipient costs	-	-	-	-	-	-
Equipment expenses	-	-	-	-	-	-
Insurance	-	-	-	-	24,305	-
Assistance to individual	-	-	-	-	-	-
Telephone	-	-	-	-	-	-
Occupancy	6,393	2,000	-	-	-	-
Vehicle expense	-	-	-	-	21,428	-
Postage	-	-	-	-	-	-
Other costs	<u>20</u>	<u>3,325</u>	<u>-</u>	<u>40,418</u>	<u>-</u>	<u>372</u>
	<u>6,413</u>	<u>46,060</u>	<u>30,104</u>	<u>50,296</u>	<u>574,865</u>	<u>16,057</u>
Increase <decrease> in net assets	5,647	<9,525>	<266>	-	<2,278>	2,162
Construction-in-progress	-	-	-	-	-	-
Acquisition to land	-	-	-	-	-	-
Transfer costs to general	-	9,525	-	-	-	-
Net assets, beginning of year	-	-	9,229	-	4,292	-
Net assets, end of year	<u>\$ 5,647</u>	<u>\$ -</u>	<u>\$ 8,963</u>	<u>\$ -</u>	<u>\$ 2,014</u>	<u>\$ 2,162</u>

TOTAL COMMUNITY ACTION, INC.
COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended December 31, 2006

	AMERICAN RED CROSS	INDIRECT COST ACCOUNT	GENERAL	UNEMPLOYMENT	INSURANCE HURRICANE KATRINA
REVENUES					
Grant appropriations	\$ 25,835	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	6,718	61,734	17,534
Other	-	639,835	40,639	49,134	1,536,813
	<u>25,835</u>	<u>639,835</u>	<u>47,357</u>	<u>110,868</u>	<u>1,554,347</u>
EXPENSES					
Salaries	-	326,236	-	-	-
Fringe benefits	-	74,710	-	485,285	-
Travel	-	-	334	-	-
Contractual	7,809	498	-	-	-
Supplies	813	-	86	-	-
Food costs	-	-	-	-	-
Subrecipient costs	-	-	-	-	-
Equipment expenses	-	-	-	-	-
Insurance	-	-	-	-	-
Assistance to individual	-	-	-	-	-
Telephone	-	-	-	-	-
Occupancy	-	-	-	-	-
Vehicle expense	-	7,621	-	-	-
Postage	1,460	-	-	-	-
Other costs	<u>153</u>	<u>716</u>	<u>98,160</u>	<u>629</u>	<u>243,189</u>
	<u>10,235</u>	<u>409,781</u>	<u>98,580</u>	<u>485,914</u>	<u>243,189</u>
Increase <decrease> in net assets	15,600	230,054	< 51,223>	< 375,046>	1,311,158
Construction-in-progress	-	-	-	-	-
Acquisition to land	-	-	-	-	< 39,800>
Transfer costs to general	-	< 126,123>	114,155	-	-
Net assets, beginning of year	<u>1,497</u>	<u>-</u>	<u>631,975</u>	<u>404,307</u>	<u>-</u>
Net assets, end of year	<u>\$ 17,097</u>	<u>\$ 103,931</u>	<u>\$ 694,907</u>	<u>\$ 29,261</u>	<u>\$ 1,271,358</u>

TOTAL COMMUNITY ACTION, INC.
COMBINED STATEMENT OF ACTIVITIES - CONTINUED
For the year ended December 31, 2006

	LIHEAP SUPPLEMENTAL GRANT	OFS EARNED INCOME TAX CREDIT	ASSETS FOR INDEPENDENCE DEMONSTRATION	PROPERTY AND EQUIPMENT	ELIMINATIONS	TOTAL
REVENUES						
Grant appropriations	\$ 324,400	\$ 41,977	\$ 20,000	\$ -	\$ -	\$ 15,010,176
Interest income	-	-	2,830	-	-	89,829
Other	-	-	-	-	< 959,844>	1,577,452
	<u>324,400</u>	<u>41,977</u>	<u>22,830</u>	<u>-</u>	<u>< 959,844></u>	<u>16,677,457</u>
EXPENSES						
Salaries	-	5,350	-	-	-	3,328,594
Fringe benefits	-	995	-	-	< 49,134>	1,728,254
Travel	-	-	-	-	-	81,917
Contractual	-	-	-	-	-	712,343
Supplies	-	-	-	-	-	682,908
Food costs	26	-	-	-	-	168,868
Subrecipient costs	-	-	-	-	< 270,875>	4,892,471
Equipment expenses	-	-	-	-	-	303,917
Insurance	-	-	-	-	-	375,438
Assistance to individual	310,000	-	26,127	-	-	338,661
Telephone	2,372	-	-	-	-	81,582
Occupancy	-	-	-	-	-	360,658
Vehicle expense	-	-	-	-	-	61,811
Postage	-	-	-	-	-	11,128
Other costs	<u>12,002</u>	<u>38,075</u>	<u>2,740</u>	<u>-</u>	<u>< 639,835></u>	<u>1,727,564</u>
	<u>324,400</u>	<u>44,420</u>	<u>28,867</u>	<u>-</u>	<u>< 959,844></u>	<u>14,856,114</u>
Increase <decrease> in net assets	-	< 2,443>	< 6,037>	-	-	1,821,343
Construction-in-progress	-	-	-	260,394	-	-
Acquisition to land	-	-	-	39,800	-	-
Transfer costs to general	-	2,443	-	-	-	-
Net assets, beginning of year	-	-	117,180	1,354,210	-	2,562,371
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,143</u>	<u>\$ 1,654,404</u>	<u>\$ -</u>	<u>\$ 4,383,714</u>

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2006

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>EXPENDITURES</u>	<u>SUBRECIPIENT COSTS</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Head Start – Full Year Center & Home Based & Training/ Technical Assistance	93.600	\$ 10,824,213	\$ 4,892,471
Earned Income Tax Credit	93.570	50,296	-
Passed through State of Louisiana:			
Home Energy Assistance Program	93.568	460,209	-
Community Services Block Grant	93.569	1,725,643	-
Earned Income Tax Credit Program	93.558	78,512	-
Healthy Marriage and Responsible Fatherhood Community Demonstration Initiative	93.563	107,783	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>13,246,656</u>	<u>4,892,471</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State of Louisiana:			
Child Care Food Program	10.558	<u>77,742</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>77,742</u>	<u>-</u>
U.S. DEPARTMENT OF ENERGY			
Passed through State of Louisiana:			
Weatherization Assistance Program	81.042	<u>572,587</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF ENERGY		<u>572,587</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through United Way of Greater New Orleans:			
Emergency Food and Shelter Program	97.024	<u>6,413</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		<u>6,413</u>	<u>-</u>
TOTAL FEDERAL AWARDS		<u>\$ 13,903,398</u>	<u>\$ 4,892,471</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.
2. The Head Start grant requires non-federal matching funds totaling 20% of the grant. The in-kind contributions totaled \$1,734,991 for the year ended December 31, 2006. The corporation was not in compliance with the matching requirements of the grant.

Justin J. Scranlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Total Community Action, Inc.

I have audited the financial statements of Total Community Action, Inc. (a nonprofit corporation) as of and for the year ended December 31, 2006, and have issued my report thereon dated May 23, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in Government Auditing Standards, issued by the comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Total Community Action, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Total Community Action, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control financial reporting. The significant deficiencies are items 2006-1 and 2006-2.

A weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be materials weaknesses. However, I believe that none of the significant deficiencies described above is a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Total Community Action, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of management, Louisiana Legislative Auditor, Board of Directors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Juston J. Scanlon, CPA

New Orleans, Louisiana
May 23, 2007

Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Total Community Action, Inc.

Compliance

I have audited the compliance of Total Community Action, Inc. (a nonprofit corporation) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2006. Total Community Action, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Total Community Action, Inc.'s management. My responsibility is to express an opinion on Total Community Action, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Total Community Action, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Total Community Action, Inc.'s compliance with those requirements.

As described in items 2006-3 and 2006-4, in the accompanying schedule of findings and questioned costs, Total Community Action, Inc. did not comply with requirements regarding matching that are applicable to requirements regarding matching and enrollment that are applicable to its Head Start Program. Compliance with such requirements is necessary, in my opinion, for Total Community Action, Inc. to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, Total Community Action, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of Total Community Action, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Total Community

Action, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Total Community Action, Inc.'s internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Total Community, Inc.'s internal control. I did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Total Community, Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Total Community Action, Inc.'s response and, accordingly, I express no opinion on it.

This report is intended for the information of management, Louisiana Legislative Auditor, Board of Directors and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
May 23, 2007

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2006

A. SUMMARY OF THE AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Total Community Action, Inc.
2. Two significant deficiencies were disclosed during the audit of the financial statements and is reported in the report titled "Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards". The deficiencies are not reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of Total Community Action, Inc. were disclosed during the audit.
4. One reportable condition in internal control over major federal award programs disclosed during the audit is reported in the report titled "Report On Compliance With Requirements Applicable to Each Major Program and On Internal Control Over Compliance In Accordance With OMB Circular A-133".
5. The auditor's report on compliance for the major federal award programs for Total Community Action, Inc. expresses a qualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The major programs tested as major programs included:
 1. Head Start-Full Year Center & Home Based & Training and Technical Assistance – CFDA No. 93.600
 2. Community Services Block Grant – CFDA No. 93.569
 3. Home Energy Assistance Program – CFDA No. 93.568
 4. Weatherization Assistance Program – CFDA No. 81.042
8. The threshold for distinguishing between Type A and Type B programs was \$417,102.
9. Total Community Action, Inc. did not qualify as a low-risk auditee.

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2006

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

2006-1 CASH

Condition: A review of the cash bank reconciliations at December 21, 2006 noted old outstanding checks totaling \$34,227.

Criteria: Old outstanding checks should be investigated and voided after 6 months. A stop payment order should be issued for all old outstanding checks.

Effect: The cash accounts of the corporation may not be fairly stated depending on the amount of the old outstanding checks.

Recommendation: All cash accounts should be reviewed monthly for old outstanding checks, and the checks should be investigated and properly voided to assure the financial statements are presented fairly.

Response: See Corrective Action Plan.

2006-2 FINANCIAL REPORTING

Condition: The program managers are preparing financial reimbursement reports for a few programs, primarily non-federal. The reports are not in agreement with the financial records of the program.

Criteria: All financial reimbursement requests should be prepared by the accounting department to assure they are in agreement with the financial records of the program.

Effect: The funding source may be reimbursing the corporation for costs not incurred.

Recommendation: All financial reimbursement reports should be prepared by the accounting department and agreed to the financial records for completeness.

Response: See Corrective Action Plan.

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2006

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

REPORTABLE CONDITION

ALL PROGRAMS

2006-1 CASH

Condition: A review of the cash bank reconciliations at December 21, 2006 noted old outstanding checks totaling \$34,227.

Criteria: Old outstanding checks should be investigated and voided after 6 months. A stop payment order should be issued for all old outstanding checks.

Effect: The cash accounts of the corporation may not be fairly stated depending on the amount of the old outstanding checks.

Recommendation: All cash accounts should be reviewed monthly for old outstanding checks, and the checks should be investigated and properly voided to assure the financial statements are presented fairly.

Response: See Corrective Action Plan.

COMPLIANCE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

2006-3 Head Start – Full Year Center & Home Based & Training/Technical Assistance – CFDA No. 93.600; Grant No. 06CH0473/41; Grant Period – Year ended December 31, 2006

Statement of Condition: Matching requirement was not met for the year ended December 31, 2006.

Criteria: Grantees are required to contribute at least 20% of the costs of the program through cash or in-kind contributions.

Effect of Condition: Costs may be disallowed by the grantor.

Questioned Costs: None.

Cause of Condition: Matching funds totaled \$1,734,991 for the year ended December 31, 2006. The total in-kind contributions equal 14% of total costs.

Recommendation: The percentage of in-kind contributions should be monitored monthly to assure the matching requirement meets the federal grant condition.

Response: See Corrective Action Plan.

TOTAL COMMUNITY ACTION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended December 31, 2006

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT - CONTINUED**

COMPLIANCE - CONTINUED

2006-4 Head Start – Full Year Center & Home Based & Training/Technical Assistance –
CFDA No. 93.600; Grant No. 06CH0473/41; Grant Period – Year ended December 31, 2006

Statement of Condition: The enrollment levels did not adhere to the levels specified in the financial assistance award.

Criteria: The enrollment levels must exceed 1,514 students for the year ended December 31, 2006.

Effect of Condition: Costs may be disallowed by the grantor.

Questioned Costs: None.

Cause of Condition: the enrollment levels totaled 872 students for the year ended December 31, 2006.

Recommendation: The enrollment levels should be monitored monthly to assure enrollment levels adhere to the levels specified in the financial assistance award.

Response: See Corrective Action Plan.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

The status of the prior year audit findings are as follows:

	<u>Resolved</u>	<u>Unresolved</u>
Reportable Condition	X	
2005-1 Accounting system		
Compliance		
2005-2 Matching - Head Start	X	



TOTAL COMMUNITY ACTION, INCORPORATED

1420 South Jefferson Davis Parkway
New Orleans, LA 70125

CORRECTIVE ACTION PLAN

FINDINGS - FINANCIAL STATEMENT AUDIT

2006-1 Cash

Condition 1 response: A stop payment/void will be issued on all stale-dated warrants currently on the books. Future procedures will include voiding any 90-day outstanding warrants after each monthly bank reconciliation.

2006-2 Financial Reporting

Condition 2 response: All financial reimbursement reports will go through the Accounting Department to assure they are in agreement with current program ledgers.

2006-3 Compliance

Statement of Condition: Matching requirement was not met for the year ended December 31, 2006

Corrective Action: Grantee has developed and implemented an ongoing monitoring system that includes the monitoring of the accumulation and recording of non-federal share on an on-going basis throughout the program year.

Grantee has assessed its ability to obtain the required non-federal share level in a post-Katrina environment where many sources of non-federal share, pre-Katrina, have not yet returned to the city. Grantee will request a waiver of the regular level of non-federal share for PY 2006.

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2006-4 Compliance

Statement of Condition: The enrollment levels did not adhere to the levels specified in the financial assistance award.

Corrective Action: Grantee's ability to meet its funded enrollment levels was caused by the following conditions:

1. Owners of three centers that the grantee had anticipated opening in 2006 did not renew lease agreements for 2006. These three centers would have enrolled 250 Head Start children.
2. The damage to centers caused by hurricane Katrina was under estimated by inspectors; therefore the length of time it has taken to repair centers has doubled at minimum.

Based on these factors, grantee has established the following corrective action plan:

1. Grantee continues to repair/renovate Head Start centers damaged by hurricane Katrina.
2. Grantee is attempting to identify alternative enrollment options; for example child care partnerships.
3. Grantee has developed and implemented an ongoing monitoring system that includes the monitoring of enrollment to assure enrollment levels adhere to the levels specified in the financial assistance award.